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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

__X__ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 1992

_____ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number:

PROCESSED BY
MAY 15 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

VALASSIS INSERTS, INC.
(Exact Name of Registrant

DELAWARE
(State or Other Jurisdiction of Incorporation or Organization)

38-2707602
(IRS Employer Identification Number)

36111 Schoolcraft
Livonia, Michigan 48150
Telephone Number: (313) 591-3000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports) and, (2) has been subject to such filing requirements for the past 90 days:

Yes _____ No __X__ (not previously subject to filing)

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Part I - Financial Information

Item 1. Financial Statements

VALMATIC INDUSTRIES, INC.
Consolidated Balance Sheets
March 31, 1992 and June 30, 1991
(in thousands)

Assets	March 31 1992 (Unaudited)	June 30, 1991 (Audited)
Current assets:		
Cash	$ 55	$ 31
Accounts receivable (less allowance for doubtful accounts of $927 at March 31, 1992 and $700 at June 30, 1991)	73,192	61,666
Intercompany receivable	2,223	-
Inventories:		
Raw materials	8,627	9,055
Work in process	10,523	7,969
Prepaid expenses and other	712	913
Deferred income taxes	3,129	1,999
Total current assets	98,461	81,633
Property, plant, and equipment, at cost:		
Land and buildings	18,284	18,268
Machinery and equipment	100,959	98,484
Office furniture and equipment	13,371	12,588
Automobiles	632	606
Leasehold improvements	1,000	975
	134,246	130,921
Less accumulated depreciation and amortization	73,634	61,820
Net property, plant and equipment	60,612	69,100
Intangible assets:		
Goodwill	91,464	91,464
Other intangibles	165,699	165,342
	257,163	256,806
Less accumulated amortization	132,696	116,350
Net intangible assets	124,467	140,456
Other assets (including $7,952 debt issuance costs in 1992)	7,981	591
Total assets	$291,521	$291,781

VALADEX INCOME, INC.
Consolidated Balance Sheets, Continued
March 31, 1992 and June 30, 1991
(In thousands)

Liabilities and Stockholder's Equity (Deficit)	March 31, 1992 (Unaudited)	June 30, 1991 (Audited)
Current liabilities:		
Accounts payable	$ 43,993	$ 48,231
Accrued expenses	19,484	11,878
Income taxes	40,025	27,746
Progress billings	52,844	37,895
Total current liabilities	156,347	125,750
Long-term debt	528,406	120,000
Deferred income taxes	9,540	10,340
Stockholder's equity (deficit):		
Common stock of $.01 par value. Authorized 3,000 shares; issued and outstanding 250 shares at March 31, 1992 and at June 30, 1991	-	-
Additional paid-in capital	-	-
Retained earnings (deficit)	(402,772)	35,441
Total stockholder's equity (deficit)	(402,772)	35,441
	$291,521	$291,781

VALASSIS INSERTS, INC.
Consolidated Statements of Operations
Quarter ended March, 1992 and 1991 and
Nine months ended March 31, 1992 and 1991
(In thousands except for per share information)
(unaudited)

	Quarter Ended		Nine Months Ended	
	March 31, 1992	March 31, 1991	March 31, 1992	March 31, 1991
Revenues:				
FSI sales	$175,727	$157,791	$436,732	$389,842
VIP sales	16,735	11,584	44,171	39,362
BCF sales	6,953	8,691	21,521	32,275
Other	495	153	872	491
	199,910	178,219	503,296	461,970
Cost and expenses:				
Cost of products sold	126,350	116,301	327,900	313,316
Selling, general and administrative	13,727	11,168	42,290	48,296
Amortization of intangible assets	2,994	6,378	15,988	19,135
Interest	5,677	2,556	12,079	8,997
	148,748	136,403	398,257	389,744
Earnings before income taxes	51,162	41,816	105,039	72,226
Income taxes	18,700	15,557	41,800	30,154
Net earnings	$ 32,462	$ 26,259	$ 63,239	$ 42,072

VALMETS ENGINES, INC.
Consolidated Statements of Cash Flow
Nine months ended March 31, 1992 and 1991
(In thousands)
(unaudited)

	Nine Months Ended	
	March 31, 1992	March 31, 1991
Cash flows from operating activities:		
Net earnings	$ 63,239	$ 42,072
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and Amortization	28,170	30,780
Provision for losses on accounts receivable	1,001	505
Loss on sale of property, plant, and equipment	31	-
Deferred income taxes	(1,930)	2,701
Changes in assets and liabilities which increase (decrease) cash flow:		
Accounts receivable	(14,750)	(27,107)
Inventories	(2,126)	(379)
Prepaid expenses	201	884
Other assets	(7,390)	(42)
Accounts payable	(4,237)	15,399
Accrued expenses	7,586	8,425
Income taxes	12,279	14,816
Income taxes forgiven by parent	11,703	8,134
Progress billings	14,969	19,163
Total adjustments	45,507	73,279
Net cash provided by operating activities	108,746	115,351
Cash flows from investing activities:		
Additions to property, plant and equipment	(3,745)	(6,518)
Other	22	-
Net cash used in investing activities	(3,723)	(6,518)
Cash flows from financing activities:		
Dividends paid	(513,405)	(87,881)
Net repayments under line-of-credit arrangements	-	(946)
Proceeds from long-term debt	883,406	60,000
Repayments on long-term debt	(475,000)	(80,000)
Net cash used in financing activities	(104,999)	(108,827)
Net increase in cash	24	6
Cash at beginning of the period	31	41
Cash at end of the period	$ 55	$ 47
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 11,775	$ 5,712
Cash paid during the period for income taxes	$ 19,753	$ 6,704

Notes to Consolidated Financial Statements

1. Valassis Inserts, Inc. (the Company) is a wholly-owned subsidiary of Valassis Communications, Inc. (formerly Consolidated Press U.S., Inc.), a publicly-held company.

   The Company operates in a single industry segment and principally produces free-standing inserts for customers in the package goods industry throughout the United States. No single customer accounted for more than 10 percent of the Company's sales in fiscal 1991 or 1992.

   In the opinion of management, the information contained herein reflects all adjustments to make the results of operations for the interim periods a fair statement of such operations. All such adjustments are of a normal recurring nature. The results of operations for the interim periods are not necessarily indicative of results to be expected for the fiscal year.

2. On March 18, 1992, the Company sold through a public offering $150,000,000 8-3/8% Senior Notes due 1997, $120,000,000 8-7/8% Senior Notes due 1999, and $150,000,000 9-3/8% Senior Subordinated Notes due 1999 and entered into additional bank financing of $130,000,000 (pursuant to a new three-year bank facility of up to $150,000,000). Proceeds of $540,424,000, net of underwriting and banking fees and other expenses of $9,576,000 were received. These proceeds were used to retire all existing debt and to pay a dividend of $290.4 million to Valassis Communications, Inc. At the same time, the Company paid a further dividend of $2.6 million to Valassis Communications, Inc. from internally generated cash.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

For the quarter ended March 31, revenues increased by 12% to $200.0 million this year compared with $178.2 million last year, mainly due to continued growth in free-standing insert (FSI) sales. FSI sales increased by 11% to $175.7 million this quarter from $157.8 million during the same quarter last year. Sales of single participant promotional programs through the Valassis Impact Printing (VIP) division were $16.7 million versus $11.6 million and run-of-press (ROP) sales were $7.0 million versus $8.7 million. FSI page volume was up 9% this quarter versus the same quarter last year (due to strong sales and an extra publishing date) with the balance of the sales gain coming from higher rates and circulation. Revenues for the first nine months of 1992 were $503.3 million, representing a 9% increase over revenues for the first nine months of 1991 of $462.0 million. This increase was primarily due to an 8% increase in FSI page volume and, to a lesser extent, an increase in pricing.

A combination of continued favorable pricing in the paper market and operating efficiencies gained by the increase in page volume caused an improvement in gross margin for the third quarter of 1992 and for the first nine months of 1992. SG&A expenses increased to $13.7 million this quarter from $11.2 million for the same quarter last year. Amortization of intangibles declined to $3.0 million this quarter compared to $6.4 million for the same quarter last year as certain intangibles became fully amortized in prior periods.

The effective tax rate for the third quarter of 1992 and 1991 was 37%. The effective tax rate for the first nine months of 1992 was 40%, down from 42% for the first nine months of 1991, due to lower add-backs for non-deductible amortization of intangibles. Net income for the third quarter of 1992 was $32.4 million as compared to $26.3 million for the third quarter of 1991. Net income for the first nine months of 1992 was $63.2 million as compared to $42.1 million for the first nine months of 1991.

Financial Condition

Cash flow from operating activities for the first nine months of 1992 decreased 6% to $108.7 million from $115.4 million for the first nine months of 1991. This was due primarily to $7.9 million in prepaid fees related to the public debt offering and new credit facility and increased working capital needs to support the strong third quarter sales volume.

Capital expenditures were $3.7 million for the first nine months of 1992 compared with $6.5 million for the same period last year. Future anticipated capital expenditures are expected to be funded by cash provided by operations.

The net proceeds of the debt offering and new credit facility of $540.4 million were used primarily to pay off existing debt and to pay dividends to Valassis Communications, Inc. As a result, the Company's debt increased substantially. Nonetheless, management believes that the Company will generate sufficient funds from operations and will have sufficient lines of credit available to meet currently anticipated liquidity needs, including interest and required principal payments on this indebtedness. The Company has already paid down $20 million on the credit facility entered into in conjunction with the public offering.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits - None

b. Forms 8-K - No reports on Form 8-K were filed during the quarter ended March 31, 1992.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 13, 1992

Valassis Inserts, Inc.
(registrant)

Robert L. Recchia
V.P. Finance-Chief Financial Officer

Signing on behalf of the registrant and as principal financial officer.